



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



SEP 10 2013

Paul E. Prusakowski, CPO, FAAOP
President
National Association for the
Advancement of Orthotics and Prosthetics
c/o The Orthotic and Prosthetic Alliance
1501 M Street, NW, 7th Floor
Washington, DC 20005

Timothy E. Miller, CPO
President
American Board for Certification in
Orthotics, Prosthetics and Pedorthics, Inc.
c/o The Orthotic and Prosthetic Alliance
1501 M Street, NW, 7th Floor
Washington, DC 20005

Bruce "Mac" McClellan CPO, LPO, FAAOP
President
American Academy of Orthotists and
Prosthetists
c/o The Orthotic and Prosthetic Alliance
1501 M Street, NW, 7th Floor
Washington, DC 20005

Thomas F. Kirk, PhD
President
American Orthotic & Prosthetic Association
c/o The Orthotic and Prosthetic Alliance
1501 M Street, NW, 7th Floor

John P. Kenney, MURP, BOCO
BOC Chairman
Board of Certification/Accreditation, International
c/o The Orthotic and Prosthetic Alliance
1501 M Street, NW, 7th Floor
Washington, DC 20005

Re: Appropriateness of Physician-Owned Distribution Entities Activities in Orthotics
and Prosthetics

Gentlemen:

We recently received your May 23, 2013 correspondence, in which you expressed concern over what you described as the recent increase in Medicare-enrolled physicians and physician groups who have made arrangements with Medicare-enrolled suppliers *to bill for custom orthotic and prosthetic (O&P) devices from their own physician-owned laboratories.*

In your letter, you made several suggestions. Among those suggestions were recommendations relating to the in-office ancillary services exception to the physician self-referral law and the documentation requirements for prescribing custom O&P devices provided to Medicare

Page 2– c/o The Orthotic and Prosthetic Alliance

beneficiaries. These recommendations do not fall within the jurisdiction of the Office of Inspector General (OIG) and are more appropriately directed to the Centers for Medicare & Medicaid Services (CMS).

You also suggested that OIG increase its enforcement activities with respect to physician ownership of O&P laboratories and include the analysis and observation of physician-owned O&P laboratories in its fiscal year 2014 work plan. We will consider your observations and recommendations as we plan our future activities. In addition, we welcome any specific information that you can provide regarding abusive practices by physician-owned O&P laboratories, including the names of O&P laboratory owners who are engaging in abusive practices, the names of entities marketing the concept of physician-owned O&P laboratories to physician groups, and any documentation that provides evidence, or supports allegations, of patient safety violations.

Thank you for bringing these issues and your recommendations to OIG for our consideration. If you have any additional information, please feel free to contact Martha Talley, chief of our Industry Guidance Branch, at Martha.talley@oig.hhs.gov or 202-619-0335.

Sincerely,

A handwritten signature in black ink, consisting of a long horizontal stroke followed by a large, stylized loop that ends in a small flourish.

Gregory E. Demske
Chief Counsel to the Inspector General